

ADMINISTRATION FOR CHILDREN AND FAMILIES

(dollars in millions)

	1998 Actual	1999 Enacted	2000 Request	Request +/- Enacted
Budget Authority:				
Discretionary.....	\$8,354	\$8,673	\$9,432	+\$759
Entitlement.....	<u>\$28,227</u>	<u>\$29,027</u>	<u>\$28,627</u>	<u>-\$400</u>
Total.....	\$36,581	\$37,700	\$38,059	+\$359
Outlays:				
Discretionary.....	\$7,919	\$8,478	\$8,995	+\$517
Entitlement.....	<u>\$24,670</u>	<u>\$25,412</u>	<u>\$28,954</u>	<u>+\$3,542</u>
Total.....	\$32,589	\$33,890	\$37,949	+\$4,059

SUMMARY

The FY 2000 budget request for the Administration for Children and Families (ACF) totals \$38 billion, of which \$9.4 billion is discretionary dollars and \$28.6 billion is entitlement budget authority. The Administration for Children and Families is the Department's lead agency for programs that promote the economic and social well-being of families, children, individuals, and communities. Its programs, including Head Start, family violence, child care, child support, foster care and adoption, and Temporary Assistance for Needy Families (TANF), are at the heart of the Federal effort to strengthen families and give all children a chance to succeed. In addition, ACF has responsibility for a range of social services and income assistance programs which support low-income families across the country.

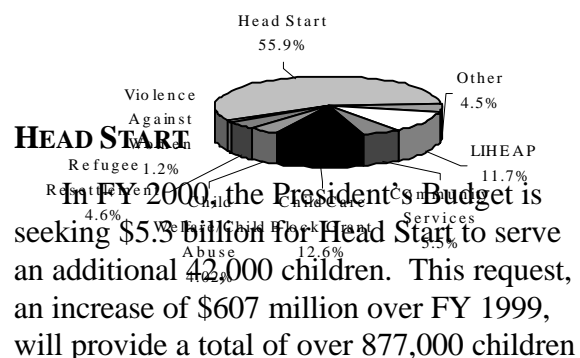
ACF has worked, over a number of years, toward overhauling the nation's welfare system, which culminated in the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). ACF is responsible for the implementation of this legislation including responsibility for administering the

Temporary Assistance for Needy Families, Child Support Enforcement, and child care programs.

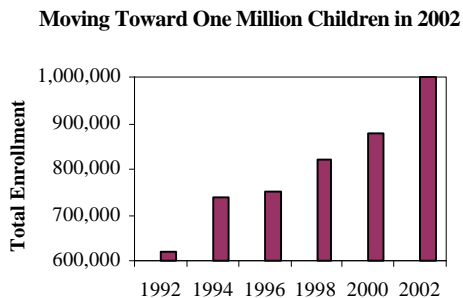
DISCRETIONARY PROGRAM SUMMARY

The budget includes \$9.4 billion for discretionary programs in FY 2000. Through a wide array of activities, ACF assists States and local communities in promoting opportunities for children and their families to grow, learn and thrive. By providing resources to States and community-based organizations, ACF helps to promote child development, meet the needs of the disabled, and support other special populations including refugees and Native Americans.

FY 2000 Discretionary Request \$9.4 Billion



and their families with a Head Start experience. Since 1993, enrollment in Head Start has grown by 17 percent, from 713,903 children in 1993 to 835,000 children in 1999. The President remains committed to reaching the goal of enrolling one million children in Head Start by 2002.



In 1998, the Head Start program was reauthorized. This bipartisan legislation strengthened America's premier early childhood development program and ensured that low-income children start school ready to learn. The law places emphasis on further improvements in program quality, authorizing funding for activities aimed at reducing class size; improving classroom facilities; enhancing staff training; improving school readiness; obtaining safer and better equipment, reducing staff turnover; and attracting and retaining well-trained staff members.

The reauthorization legislation has also reinforced our commitment to infants and toddlers by doubling the size of the Early Head Start program by FY 2002. Early Head Start funds in FY 2000 will exceed \$420 million. Early Head Start was established in FY 1995 in recognition of the mounting evidence that the earliest years are the most important to children's growth and development. In FY 2000, these funds will support nearly 45,000 infants and toddlers and their families. Children and families enrolled in Early Head Start will receive early, continuous, intensive and

comprehensive child development and family support services.

VIOLENCE AGAINST WOMEN

Violence against women is a serious problem in our society today affecting families all across the country. According to the DOJ/HHS *National Violence Against Women Survey*, 25 percent of surveyed women have been raped and/or physically assaulted by an intimate partner in their lifetime – an estimated 1.5 million women annually in the United States.

The President's Budget includes \$119 million for ACF's Violence Against Women programs, including \$102 million for the Grants for Battered Women's Shelters program. This is an increase of \$14 million over FY 1999, and part of a broader Departmental initiative to curtail violence against women. These funds will enhance the services provided to women and their families, as well as change the social norms that permit violence against women to occur.

The Grants for Battered Women's Shelters program helps States and Tribes provide immediate shelter and related services to victims of abuse and their dependents as well as domestic violence awareness activities. These funds will be used to provide a total of 40,000 (*verifying number with ACF*) survivors of domestic violence and sexual assault with counseling, shelter, and other services. Also included is \$1 million for the Domestic Violence Hotline and \$15 million for the Sexual Abuse Prevention for Runaway, Homeless and Street Youth program.

CHILD CARE

The budget request contains \$1.2 billion in discretionary child care funds in FY 2001. Because the Child Care and Development Block Grant is advance appropriated, \$1.2 billion was already provided for FY 2000 in the FY 1999 appropriation.

These funds, an increase of \$183 million over FY 1999, will support affordable, quality child care for low-income working parents. Of these funds, \$173 million will support activities that improve the quality of child care. Ten million dollars will be set aside for research, demonstration and evaluation activities. Recently, ACF solicited input from over 500 experts in the child care field in shaping its child care research agenda.

These funds are part of an Administration initiative to help working families find safe and affordable child care. The FY 2000 budget includes \$4.1 billion in mandatory child care funding. More on the child care initiative and the mandatory child care component can be found in the ACF entitlement section.

COMMUNITY SERVICES PROGRAMS

Community Services Block Grant:

The Community Services Block Grant program provides States, territories, and Indian Tribes with a flexible source of funding to help reduce poverty, including services to address employment, education, housing assistance, energy and health services. In FY 2000, \$500 million is requested for the Block Grant.

The budget does not include funds for previously supported discretionary community services programs, i.e., Community Economic Development, Community Food and Nutrition, National Youth Sports, and Rural Community Facilities.

Individual Development Accounts:

The Assets for Independence Act of 1998 authorized funds for a new program to empower low-income individuals to save for a home, post-secondary education, or a new business, at a match rate ranging from \$0.50 to \$4.00 for every dollar saved. In FY 2000, \$20 million is requested for an Individual Development Accounts

demonstration, which is double the FY 1999 funding level. In FY 2000, 60 non-profit organizations will receive grants to administer an IDA demonstration, serving a total of 13,560 low-income individuals.

RUNAWAY AND HOMELESS YOUTH

The budget requests \$64 million for the Runaway and Homeless Youth program. This program provides grants for the provision of outreach, temporary shelter, family reunification, drug education and prevention, and other services to runaway and homeless youth. An additional \$5 million for the Transitional Living program will assist over 600 runaway and homeless youth, including youth from foster care, in making the transition to independent living. Transitional Living Programs teach young people the skills they need to live independently while maintaining contact, as appropriate, with their families, and avoiding long-term dependency on social welfare services. Homeless youth receive shelter and services (including counseling, life skills training, educational advancement, and job attainment) for up to 18 months.

DEVELOPMENTAL DISABILITIES

The Developmental Disabilities program helps States to ensure that all persons with developmental disabilities are able to access services for enhanced independence, productivity, integration, and inclusion in the community. The FY 2000 request for Developmental Disabilities is \$119 million. Of this amount, \$4 million is included to provide systems of support to families of children with disabilities.

CHILD WELFARE/CHILD ABUSE

In FY 2000, ACF is requesting \$406 million in funding for a range of programs that help States and local communities protect children by strengthening families and preventing abuse. Of this, \$27 million is requested for

Adoption Opportunities. This amount will support grants to facilitate the adoption process and provide technical assistance to enable States to increase the number of children adopted, especially children with special needs.

SOCIAL SERVICES RESEARCH

The FY 2000 budget includes a total of \$27 million for social services research, of which \$6 million is discretionary funding. Research and evaluation efforts will continue to focus on moving families from welfare to work, promoting responsible parenthood, and fostering child well-being. The results of this research provide credible information about welfare reform strategies and family and child well-being outcomes. Of these funds, \$21 million is mandatory funding made available by PRWORA.

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)

The budget request for LIHEAP is \$1.1 billion in FY 2001. Because this program is advance appropriated, \$1.1 billion for FY 2000 has already been provided in the FY 1999 appropriation. The budget also requests \$300 million in emergency contingency funds in FY 2000. The emergency contingency funds are available for release upon request of the President, due either to natural disaster or other emergency. This can include extreme temperatures or high fuel prices.

LIHEAP provides heating and cooling benefits to approximately 4.3 million households each year. Of the recipient households, approximately 34 percent includes an elderly member, 32 percent include a person with a disability, 49 percent include a child under age eighteen, and 22 percent of recipients do not receive any public assistance at all. Many beneficiaries are working low-income families who are unable to meet their heating/cooling costs.

REFUGEE AND ENTRANT ASSISTANCE

The budget request for the Refugee and Entrants Assistance Program in FY 2000 is \$443 million. This request will provide eight months of benefits for an estimated 80,000 refugees and 20,000 Cuban/Haitian entrants admissions in FY 2000. Of the funds requested, ACF will allocate \$221 million to Transitional and Medical Services, \$160 million to Social Services, \$49 million to Targeted Assistance, and \$5 million to Preventive Health. The program is committed to ensuring that Social Services grants emphasize job placement, language skills, community support, and citizenship training efforts. The Budget also includes \$7.5 million to fully fund the domestic treatment activities newly authorized by the Torture Victims Relief Act.

FEDERAL ADMINISTRATION

The Federal Administration request is \$150 million, an increase of \$6 million. This level is expected to fund approximately 1,510 full time equivalent staff. These funds will be used for critical travel and monitoring activities. They will also provide partial payment for necessary information technology investments and data collection on key ACF programs, and fund pay and rent increases.

ACF OVERVIEW: DISCRETIONARY SPENDING

(dollars in millions)

DISCRETIONARY PROGRAMS:	1998 <u>Actual</u>	1999 <u>Enacted</u>	2000 <u>Request</u>	Request +/- <u>Enacted</u>
Head Start.....	\$4,347	\$4,660	\$5,267	+\$607
Violence Against Women.....	103	105	119	+14
Child Care & Development Block Grant /1.....	1,002	1,000	1,173	+173
Research and Evaluation Fund.....	<u>0</u>	<u>0</u>	<u>10</u>	<u>+10</u>
Subtotal, CCDBG.....	\$1,002	\$1,000	\$1,183	+\$183
Community Services Block Grant.....	490	500	500	0
Individual Development Accounts.....	0	10	20	+10
Discretionary Programs.....	<u>51</u>	<u>54</u>	<u>0</u>	<u>-54</u>
Subtotal, Community Services.....	\$541	\$564	\$520	-\$44
Runaway and Homeless Youth.....	58	59	64	+5
Developmental Disabilities.....	114	119	119	0
Child Welfare/Child Abuse.....	401	404	406	+2
Adoption Incentives.....	0	20	20	0
Native Americans.....	35	35	35	0
Social Services Research.....	26	27	6	-21
Pre-Appropriated Research/Evaluation /2.....	<u>12</u>	<u>12</u>	<u>21</u>	<u>+9</u>
Subtotal, Social Services Research.....	\$38	\$39	\$27	-\$12
LIHEAP /1.....	1,160	1,100	1,100	0
Refugee and Entrant Assistance.....	423	436	443	+7
Federal Administration.....	144	144	150	+6
Pre-Appropriated Federal Administration /3.....	<u>8</u>	<u>8</u>	<u>9</u>	<u>+1</u>
Subtotal, Federal Administration.....	<u>\$152</u>	<u>\$152</u>	<u>\$159</u>	<u>+\$7</u>
Total, Program Level.....	\$8,374	\$8,693	\$9,462	+\$769
Less Funds Allocated from Other Sources:				
Pre-Appropriated Research/Evaluation /2.....	12	12	21	+9
Pre-Appropriated Federal Administration /3.....	<u>8</u>	<u>8</u>	<u>9</u>	<u>+1</u>
Total, Discretionary Budget Authority.....	\$8,354	\$8,673	\$9,432	+\$759
FTE.....	1,569	1,530	1,510	-20

/1 FY 1999 Appropriation (P.L. 105-277) provides advanced FY 2000 funding

/2 Authorization for \$12 million of these funds expired in FY 2000

/3 1%/2% funds (Public Law 104-193)

ENTITLEMENT PROGRAM SUMMARY

SUMMARY

The Department's FY 2000 ACF Budget includes \$29 billion in outlays for entitlement programs. This total includes pre-appropriated funding for the Temporary Assistance for Needy Families (TANF) program and the Child Care Entitlement to States. The ACF entitlement budget also requests funding for increases in Child Care, Child Support Enforcement; Foster Care, Adoption Assistance, and Independent Living; Promoting Safe and Stable Families; and, the Social Services Block Grant.

In FY 2000, ACF continues its efforts at moving families from welfare to work. The historic Child Care Initiative allows ACF to support working families and the foster youth initiative will help troubled youth gain independence.

CHILD CARE ENTITLEMENT TO STATES

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (referred to as welfare reform) amended the Child Care and Development Block Grant Act (CCDBG) by consolidating the former child care programs. All States receive discretionary funds, mandatory funds and matching funds. These funds help States provide for subsidies to working families and require States to spend a minimum of 4 percent of the funds to improve the quality and availability of healthy and safe child care for all families. Additional amounts of the discretionary funds are also set-aside for quality improvements and for school-age care.

For FY 2000, welfare reform authorized and pre-appropriated entitlement funds (matching and mandatory) of \$2.4 billion for child care programs to allow States maximum flexibility in developing child care programs. These funds, combined with \$1.2

billion in discretionary child care funding, will further the Administration's commitment to supporting working families and moving families from welfare to work.

The child care entitlement portions of the fund include the following:

- **Mandatory Child Care** - Mandatory funds are allocated to grantees based on historic levels of Title IV-A child care expenditures. Two percent of the total appropriation (both mandatory and discretionary) is set aside for Tribes.
- **Matching Child Care** - This is the total allocation, less the mandatory child care allocations and the two percent tribal set-aside. Matching funds are matched at the FY 1995 Federal matching rates (FMAP) and allocated using the at-risk child care formula.
- **Training and Technical Assistance Program** - These amounts are set aside for training and technical assistance to States and Tribes.

CHILD CARE INITIATIVE

Studies indicate that working families across the country are struggling to find safe and affordable child care for their children. Of the 10 million children in working families with incomes below 200 percent of poverty, funds from the Child Care and Development Block Grant Act served only 1.25 million in 1997, approximately 10 percent of those eligible. The children of these working parents often spend their days in settings that do not promote healthy child development and the quality of care is often quite poor. Even low quality care can be extremely

expensive. For families with children between three and five, child care is the third greatest expense after housing and food.

The problem is just as severe for older children. Experts estimate that nearly five million school-age children spend time without adult supervision during a typical week. The Administration seeks to address this situation and help parents find affordable, high quality child care that will support and nurture the development of their children.

Following the White House Child Care Conference in October of 1997, the Administration proposed a comprehensive, initiative to improve child care for America's working families, including increased funding for child care programs in several Departments. In response to last year's request for funds to improve quality and research in child care, the FY 1999 appropriation for HHS forward funded (for FY 2000) an additional \$173 million for improvement in child care quality and \$10 million dedicated to child care research. Additional details on these programs can be found in the discretionary section of the budget.

CHILD CARE LEGISLATIVE PROPOSALS

As was the case in last year's budget, the President has included comprehensive increases in child care funding to help working families. Beyond the tax credits and school-age child care funding in the Departments of Treasury and Education, \$10.5 billion over 5 years in additional funding is targeted for HHS child care programs. This funding includes:

SUBSIDY INCREASE:

A five year \$7.5 billion increase in the entitlement funding for child care which, when combined with funds from welfare reform, will increase the number of children receiving child care subsidies by more than 1 million to a total of 2.4 million by 2004.

EARLY LEARNING FUND:

The budget includes \$3 billion over five years in entitlement funds for an Early Learning Fund to improve child care safety and quality and enhance early childhood development, emergent literacy, and school readiness. The Fund will provide States with dollars for community level challenge grants to support programs that improve early learning and the quality and safety of child care for children up to age five.

TEMPORARY ASSISTANCE TO NEEDY FAMILIES

Welfare reform dramatically changed the nation's welfare system by replacing AFDC, AFDC Child Care, Emergency Assistance and JOBS programs with the State TANF block grant, a single capped entitlement of approximately \$17 billion annually. Under TANF, recipients must engage in work activities to receive time-limited assistance. Over the past five years, the number of families on welfare has dropped by almost 40 percent, to under 3 million families.

Welfare reform promotes work by imposing stringent work requirements upon families and States. Adult recipients must be engaged in work activities after receiving assistance for 24 months or less, with few exceptions. States must also meet minimum work participation rate requirements; in FY 2000, 40 percent of all families and 90 percent of two-parent families must be engaged in work activities. In addition, TANF is time-limited so that families may not receive Federal assistance for more than five cumulative years, or less at State option.

To meet the above work requirements, welfare reform gives States wide flexibility to design State TANF programs. Welfare reform broadly defines eligibility criteria as a "needy"(as defined by the State) family that includes or is expecting a child. States are required to provide TANF recipients with job skills assessments, job preparation, and

job search services. However, States determine their own eligibility criteria and benefit levels, as well as the type of services available to TANF recipients. All States implemented their State TANF programs by the July 1, 1997 deadline.

Welfare reform authorizes and pre-appropriates about \$17 billion annually to States for the following activities:

- Family Assistance Grants to States, Tribes and Territories;
- Matching Grants to Territories;
- Bonus to Reward Decrease in Out-of-Wedlock Births;
- Supplemental Grants for Population Increases;
- Bonus to Reward High Performance States;
- Tribal Work Programs; and,
- Loans for State Welfare Programs.

TANF LEGISLATIVE PROPOSALS

The FY 2000 President's Budget includes the following two TANF legislative proposals.

SUPPLEMENTAL GRANTS FOR POPULATION INCREASES:

With the rapid decline in welfare caseloads, the budget proposes to freeze the Supplemental Grants for Population Increases at the FY 1999 level. In FY 2000, seventeen States are eligible for this grant. These States qualify based on population growth and/or lower than average State welfare spending per low-income person. This proposal will save \$83 million in FY2000, and \$241 million over the next five years.

ACCELERATE BY ONE YEAR THE CAP REDUCTION ON TRANSFERS TO SSBG:

Under current law, in FY 2000, States may transfer up to 10 percent of TANF

funds to the Social Services Block Grant (SSBG) program, and in FY 2001, the transfer cap is reduced to 4.25 percent. In light of the SSBG proposed (see below) increase of \$471 million above the FY 1999 level, the President's Budget proposes to reduce the transfer cap amount to 4.25 percent beginning in FY 2000, rather than FY 2001. This proposal will save \$600 million in FY2000.

CONTINGENCY FUND FOR STATE WELFARE PROGRAMS

Welfare reform established a Contingency Fund to assist States that, due to economic hardship, need additional funds above their TANF grant to provide assistance to needy families. States are eligible for these matching funds during periods of high unemployment or rising Food Stamp caseloads. The total amount of Contingency Funds pre-appropriated for FYs 1997 through 2001 is \$1.96 billion.

CONTINGENCY FUND LEGISLATIVE PROPOSAL

The FY 2000 President's Budget proposes to replace the current capped Contingency Fund with a new uncapped fund that could more effectively respond to State needs in the event of an unforeseen economic downturn. This proposal would save \$1.6 billion in Budget Authority in FY 2000, and would have no effects on outlays.

CHILDREN'S RESEARCH AND TECHNICAL ASSISTANCE (CRTA)

Welfare reform authorizes and appropriates funds for welfare research and technical assistance for States. The FY 2000 total is \$62 million.

Of this, \$41 million includes two child support set-asides: one for training and technical assistance and the other to assist in operating the Federal Parent Locator Service (FPLS). The funds appropriated for these activities are equal to one and two percent

respectively of the amount paid to the Federal government for its share of child support collections during the preceding fiscal year.

Also included is \$21 million in pre-appropriated mandatory funds for the following activities: \$15 million for welfare research, and \$6 million for a longitudinal child welfare study. These funds will also focus on welfare research activities such as studying the effects of welfare reform and identifying ways to improve the welfare system.

CHILD SUPPORT ENFORCEMENT

The Child Support Enforcement (CSE) program is a joint Federal, State and local partnership that seeks to ensure financial and emotional support for children from both parents by locating non-custodial parents, establishing paternity, and establishing and enforcing child support orders. The program provides critical support for working families and assists in the transition to self-sufficiency. In FY 2000, an estimated total of \$4.4 billion in Federal and State dollars will be spent in order to collect over \$17.6 billion in payments. This represents a 9 percent gain in collections over FY 1999 and a total return of more than \$4 for every \$1 invested in the administration of the program. Since the inception of the program in FY 1975, over \$100 billion has been collected.

The Federal government shares in the financing of this program by providing incentive payments, a 66 percent match rate for general State administrative costs, and an enhanced match rate for paternity testing and specified automated systems requirements. The CSE program also includes a capped entitlement of \$10 million annually for grants to States to facilitate noncustodial parents' access and visitation of their children.

The CSE program strengthens families by helping children get the support they are owed from non-custodial parents. In

non-TANF cases, child support collections are forwarded to the custodial family. By securing support on a consistent and continuing basis, non-welfare families may avoid the need for public assistance, thus potentially reducing future welfare spending. Applicants for TANF assign their rights to support payments to the State as a condition of receipt of assistance. TANF child support collections are shared between the State and Federal government.

As noted above, a portion of the Federal share of child support collections is paid to the States as incentive payments. Previously, Federal incentive payments to States were based on the State's cost effectiveness in operating the program and the amount of payments collected. Following passage of the Child Support Performance and Incentive Act of 1998, a new incentives structure will be put into place using five key measures: paternity establishment, support order establishment, collections on current support, collections on past-due support, and cost effectiveness. This new system will be phased in starting in FY 2000.

CHILD SUPPORT LEGISLATIVE PROPOSALS

The budget proposes three legislative changes in the child support program: (1) reducing the match rate for paternity establishment laboratory tests; (2) repealing the hold harmless provision; and, (3) beginning in FY 2001, a proposal to return to the pre-welfare reform policy of mandatory review and adjustment of child support TANF assistance cases. The first two proposals were included in the FY 1999 President's Budget.

ADJUSTING THE MATCH RATE:

Currently, there is a 90 percent Federal match for laboratory tests to establish paternity. However, the financing structure for child support is very complex with various levels of match rates and the cost of paternity establishment testing has been

decreasing. Therefore, the Administration proposes that starting in FY 2000, laboratory tests for paternity establishment be matched at the regular 66 percent administrative match rate. This change simplifies the child support funding structure, increases incentives to control costs, and saves approximately \$9 million in FY 2000 and \$45 million over 5 years.

HOLD HARMLESS:

The Administration proposes, starting in FY 2000, to repeal the “hold harmless” provision that was put into place in welfare reform. Hold harmless ensured that if States did not reach their 1995 level of collections, they would receive recoupment payments from the Federal government. This provision was put into place largely to protect States from any loss resulting from new distribution rules. However, this provision is not working as intended. Since TANF collections are declining for a variety of reasons, many States are receiving these payments before distribution changes have taken place. Further, there is no way to separate out the effect of distribution changes when they do occur. Therefore, we propose that hold harmless be repealed, saving approximately \$65 million in FY 2000 and \$279 million over 5 years.

REVIEW AND ADJUSTMENT:

Under welfare reform, periodic reviews of child support orders are no longer required. This proposal returns to pre-welfare reform policy and requires States to conduct reviews in TANF assistance cases at least every 3 years and to adjust appropriately. This change will likely help families and/or reduce reliance on Food Stamps, medical, emergency or other public benefits. This proposal will start in FY 2001, with savings in Medicaid and Child Support totaling approximately \$85 million by FY2004. Child Support savings total over \$25 million during this time period.

FOSTER CARE, ADOPTION ASSISTANCE AND INDEPENDENT LIVING PROGRAM

The FY 2000 budget requests \$5.6 billion in Budget Authority for the Foster Care, Adoption Assistance and Independent Living programs. This request represents an increase of \$706 million over the FY 1999 appropriation. About \$600 million of this increase is due to: (1) projections that average Foster Care payments and caseloads will continue to grow in FY 2000 at a rate consistent with the past five years, and (2) prior year claims that exceeded FY 1999 funding levels.

Of the total request, \$4.5 billion will provide Foster Care payments on behalf of about 338,700 children each month. This request will also fund State administration, including child welfare information systems, training, and State data systems.

For the Adoption Assistance program, about \$1 billion will provide payments for families who adopt special needs children. Monthly payments are made on behalf of adopted children until their 18th birthday. The proposed level of funding will support approximately 217,100 children each month.

FOSTER CARE-RELATED LEGISLATIVE PROPOSALS

Foster care youths become ineligible for maintenance payments at age 18. Each year, approximately 16,000 youths age out of foster care and 9,000 youths leave the foster care system by running away. These youths often lack the resources or supports needed to maintain a self-sufficient lifestyle. Consistent with the Department’s efforts to move families from welfare to work, the FY 2000 President’s Budget includes a package of legislative proposals aimed at assisting these former foster youths in making the transition to living on their own. In sum, this package would cost \$50 million in FY 2000, and \$275 million over the next five years. The proposals include:

***INCREASE INDEPENDENT LIVING
PROGRAM (ILP) FUNDING:***

Increasing the ILP funding level from \$70 million to \$105 million would allow States to provide basic skills, employment and education training to an additional 17,500 foster youths aged 16 through 18, and at State option, to age 21. This proposal will cost \$35 million in FY 2000, and \$175 million over the next five years.

***SUPPORT THE LIVING EXPENSES OF
YOUTHS IN TRANSITIONAL LIVING
PROGRAMS:***

Through ILP, this proposal would grant \$5 million for States to support the living expenses of approximately 1,750 youths participating in transitional living programs. Funding for these activities would slightly increase by \$5 million each year, for a total cost of \$50 million over four years.

***INCREASE RUNAWAY AND HOMELESS
YOUTH TRANSITIONAL LIVING
PROGRAM FUNDING:***

Increasing the funding for this discretionary grant program by \$5 million would allow States to provide services to an additional 600 runaway or homeless youth who may no longer be eligible for foster care. (See ACF Discretionary section for more details regarding this program.)

***MEDICAID COVERAGE FOR
EMANCIPATED YOUTHS UP TO 21:***

This proposal would allow States to expand Medicaid eligibility to youths up to age 21 who were eligible for foster care at age 18. This proposal will cost \$5 million in FY 2000, and \$45 million over the next five years. (See HCFA Medicaid section for more details regarding this program.)

PROMOTING SAFE AND STABLE FAMILIES

The Adoption and Safe Families Act of 1997 reauthorizes and expands the Promoting Safe and Stable Families program (formerly known as the Family Preservation and Support program). The request includes \$295 million in FY 2000 for States and eligible Indian tribes.

The Promoting Safe and Stable Families program supports State child welfare agencies and tribes in providing: family preservation services, family support services, time-limited family reunification services, and adoption promotion and support services.

SOCIAL SERVICES BLOCK GRANT

The Social Services Block Grant (SSBG) allows States the flexibility to provide or supplement social services at the State and local levels. SSBG funding provides direct social services and resources that link human service delivery systems together. Programs or services most frequently supported by SSBG include child care, child welfare (foster care, adoption and protective services), elder care, drug abuse prevention and treatment activities, home based services, employment services, prevention and intervention programs, and services for the disabled.

The FY 2000 President's Budget requests funding at the full authorization level of \$2.38 billion for this program. This is an increase of \$471 million above FY 1999 levels. The Department has taken steps in the past year to improve the quality of program information, and will continue to work with States to improve reporting and accountability for services provided with these funds.

AFDC AND RELATED PROGRAMS

Welfare reform replaced the Aid to Families with Dependent Children (AFDC) Benefits, State and local Administration,

Emergency Assistance, AFDC Child Care, and Job Opportunities and Basic Skills Training (JOBS) programs with TANF and the Child Care Entitlement programs.

During FY 2000, we expect to completely phase out funding for the repealed programs. Estimates for FY 1999 and 2000 represent claims for expenditures incurred before these programs were repealed. These claims will be funded by carry over balances from prior years.

FY 2000 PROPOSED ACF LEGISLATION

(dollars in millions /1)

PROPOSAL	1-YEAR <u>FY 2000</u>	5-YEARS <u>FY 00-04</u>
CHILD SUPPORT ENFORCEMENT:		
Eliminate Hold Harmless Provision /2.....	-\$65	-\$279
Reduce Match of Paternity Laboratory Tests from 90 to 66 Percent....	-9	-45
Mandatory Review of Child Support Orders/3.....	<u>0</u>	<u>-25</u>
Subtotal, Child Support Enforcement.....	-74	-349
CHILD CARE:		
Subsidy at Special Match Rate.....	+1,155	+7,500
Early Learning Fund.....	<u>+600</u>	<u>+3,000</u>
Subtotal, Child Care.....	+1,755	+10,500
TANF:		
Freeze Supplemental Grants at FY 1999 Level.....	-83	-241
Reduce Cap on Transfers to SSBG from 10 to 4.25 Percent /4.....	<u>-600</u>	<u>-500</u>
Subtotal, TANF.....	-683	-741
CONTINGENCY FUND:		
Eliminate Budget Authority Cap.....	-1,644	-1,644
INDEPENDENT LIVING PROGRAM:		
Increase Authorization Level.....	+35	+175
Support Living Expenses of Youth in Transitional Living Programs...	<u>+5</u>	<u>+50</u>
Subtotal, ILP.....	+40	+225
TOTAL ACF PROPOSED LAW IMPACT.....	-\$606	\$7,991

/1 Negative numbers are savings, positive numbers are costs. Except where noted, all figures represent Budget Authority.

/2 Elimination of the hold harmless provision results in a \$65 million reduction in spending authority from offsetting collections.

/3 This proposal begins in FY 2001 and has additional savings in Medicaid totaling \$60 million by FY 2004. Child support totals combine increased administrative costs and savings due to increased collections.

/4 This proposal effects outlays, but has no impact on Budget Authority.

CHILD SUPPORT ENFORCEMENT OVERVIEW:

Collections and Costs

(dollars in millions) /1

	1998	1999	2000	Request
	<u>Actual</u>	<u>Enacted</u>	<u>Request/2</u>	<u>+/- Enacted</u>
Total Collections Distributed:				
Non-TANF Families	\$11,243	\$12,931	\$14,449	+\$1,518
TANF/FC families.....	152	153	154	+1
TANF program.....	2,433	2,446	2,470	+24
FC program.....	32	34	36	+2
Total.....	\$13,860	\$15,564	\$17,109	+\$1,545
Distributed to TANF Program:				
Net Federal Share	\$945	\$945	\$1,030	\$85
State Share (includes incentives and hold..... harmless payments).....	1488	1501	1440	-61
Total.....	\$2,433	\$2,446	\$2,470	+\$24
Administrative Costs (Outlays):				
Federal Share	\$2,110	\$2,593	\$2,840	\$247
State Share.....	1196	1389	1498	+109
Costs.....	\$3,306	\$3,982	\$4,338	+\$356
Program Saving and Costs (Collections: minus Costs):				
Federal Costs	\$1,165	\$1,648	\$1,810	+\$162
State Savings	<u>292</u>	<u>112</u>	<u>58</u>	<u>+170</u>
Net Costs.....	\$873	\$1,536	\$1,868	+\$332
/1 Numbers may not add due to rounding.				
/2 Numbers include legislative proposals.				

ACF OVERVIEW: ENTITLEMENT SPENDING

(dollars in millions) /1

	1998	1999	2000	Request
	<u>Actual</u>	<u>Enacted</u>	<u>Request /2</u>	<u>+/- Enacted</u>
PROGRAM				
TANF /3.....	\$16,672	\$17,053	\$17,003	-\$50
Contingency Fund /3.....	1,960	0	-1,644	-1,644
Child Care Entitlement /3	2,070	2,167	4,122	+1,955
Child Support Enforcement(obligations) /4.....	2,153	2,583	2,824	+241
Foster Care/Adoption Assistance	4,311	4,922	5,667	+745
Children's Research & Technical Assist (net BA) /3...	\$53	\$52	\$62	+10
Promoting Safe and Stable Families.....	255	275	295	+20
Social Service Block Grant.....	2,299	1,909	2,380	+471
AFDC/EA/JOBS/Related /5, /6.....	<u>-1,546</u>	<u>66</u>	<u>-2,074</u>	<u>-\$2,140</u>
Total, Program Level/BA	\$28,227	\$29,027	\$28,635	-\$392

/1 Numbers may not add due to rounding.

/2 Numbers include legislative proposals.

/3 Programs are preappropriated.

/4 Child Support Enforcement (CSE) spending reflects the legislative proposal to reduce the federal match on paternity testing. CSE also has two other legislative proposals to: (1) repeal the hold harmless provision, reducing spending authority in offsetting collections by \$65,000,000 in FY 2000 and, (2) institute mandatory review and adjustment beginning in FY 2001.

/5 AFDC and related assistance is shown net of child support collections.

/6 The negative budget authority shown for FY 1998 and FY 2000 represents the use of funds carried over from prior years.